

# Century II Performing Arts & Convention Center Rental Rates



# Financial Performance

	2009	2010	2011
Century II Revenues	\$1,758,888	\$1,931,510	\$1,615,498
C&T Transfer	<u>\$1,484,860</u>	<u>\$1,484,860</u>	<u>\$1,507,375</u>
<b>Total Revenues</b>	<b>\$3,243,748</b>	<b>\$3,416,370</b>	<b>\$3,122,873</b>
Century II Expenses	\$2,602,340	\$2,604,261	\$2,542,385
Century II Ticketing	\$270,269	\$271,951	\$309,923
Expo Hall			\$10,215
PW Maintenance	<u>\$777,920</u>	<u>\$707,402</u>	<u>\$746,959</u>
<b>Total Expenses</b>	<b>\$3,650,529</b>	<b>\$3,583,614</b>	<b>\$3,609,482</b>
<b>Net Operating</b>	<b>(\$406,781)</b>	<b>(\$167,244)</b>	<b>(\$476,394)</b>
<b>Budget Loss</b>			

# Total Attendance for Events

2009 – 425,941

2010 – 448,708

2011 – 454,864

# Number of Events

Category	Number of rentals 2010	Number of rentals 2011	Total Attendance 2010 / 2011
Business	189	240	31,179 / 32,238
Ceremony	22	19	17,665 / 19,225
Competition	6	6	6,980 / 8,403
Consumer Show	29	27	130,420 / 119,881
Convention	29	30	31,978 / 33,158
Festival	7	9	37,274 / 48,332
Performing Arts	67	67	170,258 / 170,828
Religious	43	32	14,558 / 17,577
Social Event	15	13	2,381 / 2,097
Trade Show	2	0	800 / 0
Training	35	15	3,135 / 1,382
Other	42	43	2,080 / 1,743
Total	486	501	448,708 / 454,864

# Bench Marks of Success

- Event Revenues / Facility Expenses:  
Profitability, or Decreasing the tax subsidy  
year-over-year
- Customer Satisfaction
- Number of Events
- Quality of Events (length; city-wides)

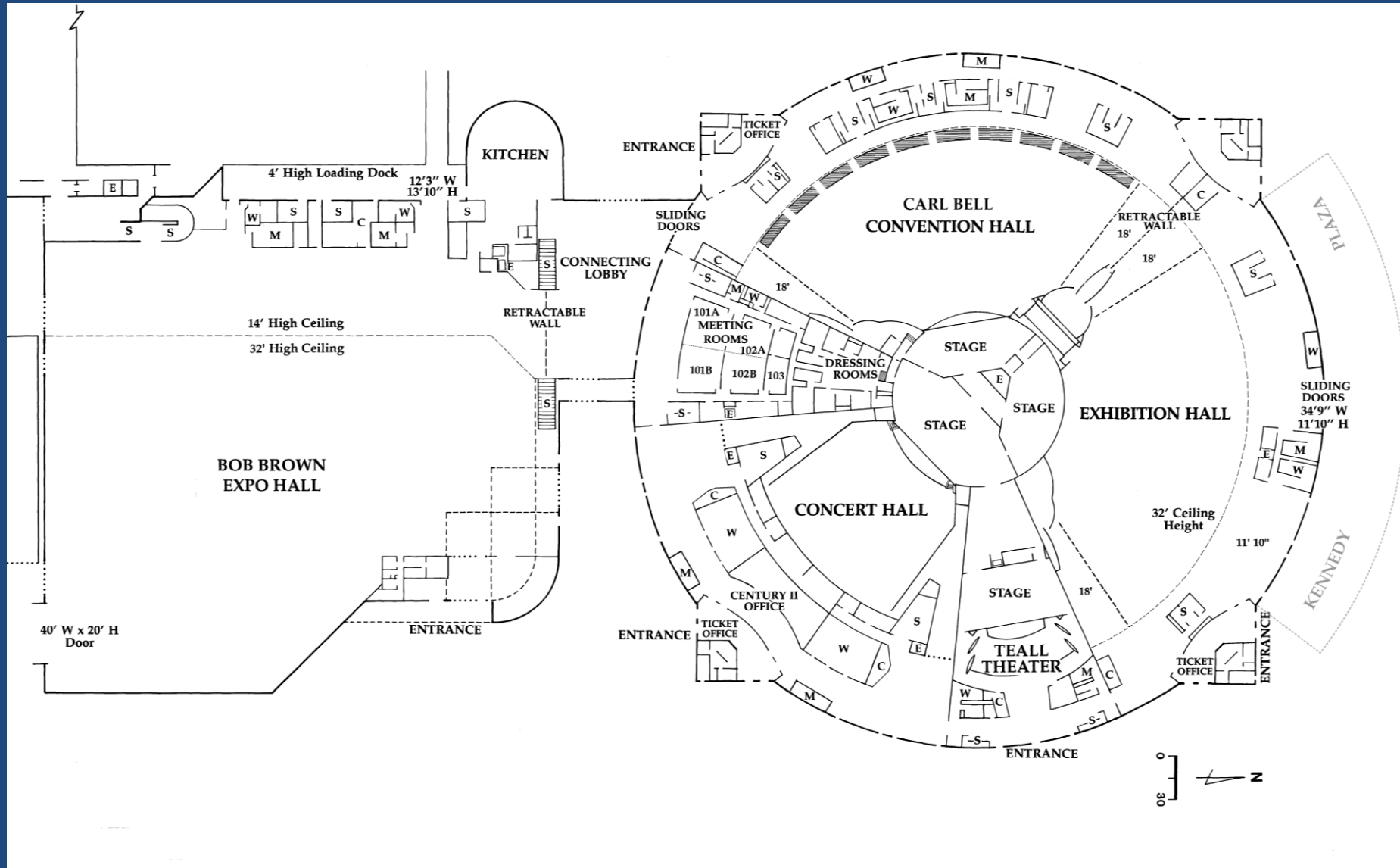
# Background and History

- Century II operates under Chapter 9.12 of the Code of Ordinances, City of Wichita, Kansas
- As set forth in Section 9.12.020, the rental schedule is “established by the city council and set forth by resolution”.
- Rental Rates have not been adjusted since Resolution R-00-419, effective December 8, 2000.

# Background and History

- Rental rates in the round structure are based on periods: Morning, 6:00 a.m. – 12:00 noon; Afternoon, 12:00 noon – 6:00 p.m.; Evening, 6:00 p.m. – 12:00 midnight; Night, 12:00 midnight – 6:00 a.m.
- Expo Hall operates on a day rate: 6:00 a.m. – 12:00 midnight

# Century II Facility



# Three Goals

1. Enact a consistent model for determining rental rates.
2. Implement a percentage increase for the future once the new model has been established.
3. Make appropriate changes to the Ordinance

# Current Rental Rates

## Non-Ticketed Events

<u>Location</u>	<u>Rate</u>	<u>Occupancy *</u>
Concert Hall (Periods)	\$610	\$122
Exhibition Hall (Periods)	\$740	\$148
Convention Hall – Floor (Periods)	\$740	\$148
Convention Hall – Loge (Periods)	\$1,000	\$200
Teall Theater (Periods)	\$240	\$48

\*Occupancy is a non-event time: move-in/move-out/rehearsal/set-up

# Current Rental Rates

## Ticketed Events

<u>Location</u>	<u>Rate</u>
Concert Hall (Day Rate)	\$1,900
Convention Hall – Loge (Day Rate)	\$3,500

# Current Rental Rates

<u>Location</u>	<u>Rate</u>	<u>Occupancy *</u>
Meeting Rooms (Day Rate)	\$150	\$75
Expo Hall – 100% (Day Rate)	\$3,500	\$700
Expo Hall – 60% (Day Rate)	\$2,400	\$480

\*Occupancy is a non-event time: move-in/move-out/rehearsal/set-up

# Current Rental Rates

- The majority of current clients contracting the “round” building rent the spaces for full days but do not use them for the overnight period. Because of this, they are only charged for three 6 hour time periods.
- Due to the differences between events, there are a multitude of possibilities for how clients are charged for the same spaces.
- Interpreting the rate schedule can be difficult, especially when events are shorter in length yet cross from period to period within one given day.

# Other Models of Setting Rental Rates

- Yield Management: rental rates fluctuate on time of year, demand, type of event
- Fixed Rates: Day rates are set by a governing body and remain consistent no matter the time of year

# Proposed Model – Goal #1

- Fixed Rates: Day rates are set by a governing body and remain consistent no matter the time of year.
- This model will align the “round” portion of the building with Expo Hall .

# Proposed Model with Day Rates

## Non-Ticketed Event

<u>Location</u>	<u>Event</u>	<u>Occupancy*</u>
Concert Hall	\$1,100	\$385
Exhibition Hall	\$1,280	\$450
Convention Hall – Floor	\$1,280	\$450
Convention Hall – Loge	\$1,800	\$630
Teall Theater	\$500	\$175
Meeting Rooms	\$175	\$100
Expo Hall	\$3,750	\$750

\*Occupancy is a non-event time: move-in/move-out/rehearsal/set-up

# Comparison with Convention Centers

<u>Location</u>	<u>Size (sq. ft.)</u>	<u>Event</u>	<u>Price / Sq.Ft</u>
Century II Expo Hall	93,000	\$3,750	\$.0403
El Paso, TX	80,000	\$8,400	\$.1050
Oklahoma City, OK	99,439	\$6,950	\$.0699
Omaha, NE	194,300	\$13,200	\$.0679

# Comparison of Performing Arts Centers

## Ticketed Events

\*Century II

Concert Hall	2,200 Seats	\$1,900/day
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Ordway Center, St. Paul, MN

Music Hall	1,900 Seats	\$5,000/day
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\*Peace Center, Greenville, SC

Concert Hall	2,100 Seats	\$6,000/day
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\*El Paso

Main Hall	2,500 Seats	\$1,800/\$2.50 per seat
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\* Tenants and resident companies are discounted at various rates.

# Implementation

- The new model will go into effect immediately for all events that are not contracted.
- Since the restructuring affects clients differently, staff will work with clients over the next 2 ½ years to get them to the proposed rental rates in the new model.
- Events that are contracted and will be occurring within the next 18 months will not see a change to their contracted rental rates.

# Effect to Clients

- Multi-hall clients, such as the Home Show, will see a very small increase by going to this model since they use so much of the building already and for long periods of time.
- One-hall clients, such as the U.S. Federal Court for the Naturalization Ceremony, will see the largest increase because they use the space for a short amount of time.
- The effect is not consistent and varies greatly.

# Effect to Clients

- Due to this variance, staff needs the ability to negotiate rates with clients during the next 2 ½ years while the change takes place.
- By the end of 2014, all clients will be on the same rate model with future proposed increases affecting all clients equally.

# Effect to Century II Revenues

- If the proposed model were implemented on every annual existing client immediately, there would be an immediate increase in facility revenues of 14.05%.
- In actuality, this increase will be realized incrementally through December 31, 2014 due to existing contracts already in place that will be honored.

# Percentage Increase – Goal #2

- The first approved increase to the new model will be for events occurring January 1, 2015 – December 31, 2016
- Proposed increase of 2%.

# Future Increases to Rental Rates

- Increases will be universal and applied to all locations.
- A determined set increase now will allow staff to contract out into the future with clients that want their rates guaranteed at contracting. For example: national conventions

# Revision of Municipal Code – Goal #3

- The change in the rental model for the “round” building will require an Ordinance to change the Municipal Code governing the operations of Century II.
- During this process, other important items will be updated to reflect current and future operations.
- Future increases will be proposed as part of the budget process and not through Resolution.

Q & A